

ESG ACTION PLAN AMENDMENT

EXECUTIVE SUMMARY

INTRODUCTION

The U.S. Department of Housing and Urban Development (HUD) requires all government entities receiving the second allocation of FY 2011 Emergency Solutions Grant (ESG) funds to prepare an amendment to the Consolidated Plan's Annual Action Plan.

Emergency Shelter Grant (ESG) funds have traditionally supported basic shelter and supportive services for homeless persons in the form of outreach, operation costs for shelter facilities and short-term homeless prevention to persons at risk of losing housing due to eviction, foreclosure or utility shut-offs. Effective January 2012, the Emergency Solutions Grant (ESG) replaces the previous Emergency Shelter Grant and provides additional funding for Administration, Homeless Prevention, Rapid Re-housing and HMIS. The FY 2011 ESG 2nd allocation of funds is intended to fund these newly eligible activities.

This substantial amendment is organized by the categories that the U.S. Department of Housing & Urban Development (HUD) requires be included in the ESG Substantial amendment. These include:

- Consultation process
- Citizen Participation Process
- Matching funds
- Proposed activities for Round 2 ESG and eligible funding/budget
- Written Standards for Provision of ESG Assistance
- Selection process for ESG Round 2 awards
- Required performance standards
- The HUD-required SF-424 and ESG certification

CONSULTATION

In an effort to promote greater collaboration between ESG recipients and Continuums (Continuums), the ESG Interim Rule requires jurisdictions to consult with Continuums, Public and Private Service agencies, Publicly-funded institutions, systems of care and business and civic leaders. Arizona has a long history of encouraging citizen participation throughout the development of the Consolidated Plan by consulting local organizations, holding public meetings and encouraging public comment during the public review period. Likewise, in preparation for this amendment, the Arizona Department of Economic Security (DES) has followed the same process.

A meeting to gather input on the allocation of funds, performance standards and funding, policies and procedures for the operation and administration of HMIS was held on February 29, 2012 with all three Continuums and HMIS Leads. Additionally, all ESG recipients throughout the state, with the exception of Pima County, had a meeting, to share funding objectives and discuss resources on March 7, 2012 and will meet again on April 4, 2012. A meeting with representatives of all state government departments who share statewide responsibility for programs addressing homelessness was held on March 21, 2012 to communicate

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and coordinate plans to address homelessness in the Balance of State, which is comprised of thirteen of Arizona's fifteen counties.

Several additional meetings have been held between DES and the Arizona Department of Housing (ADOH) the Balance of State Continuum lead agency since it was decided that Round 2 ESG funding for Homeless Prevention and Rapid Re-housing would be focused in that continuum.

CITIZEN PARTICIPATION

ADOH and DES have solicited public comment regarding the Amendment to the FY2011 Action Plan by posting a draft of the plan to the ADOH and DES websites and statewide publication through public newspapers of an announcement soliciting public comment on the substantial amendment in accordance with the citizen participation plan requirements. Notification was provided to partner communities, counties, regional councils of government, non-profit and for-profit entities through publication on the Arizona Coalition to End Homelessness website. This draft was posted on three websites (ADOH, DES and Arizona Coalition to End Homelessness) and made available for public comment for thirty days beginning April 1, 2012. A public hearing has also been scheduled for May 3, 2012 to encourage additional citizen input. Public input and responses will be summarized at the conclusion of this document.

ESG MATCH

ESG funds require a 100 percent match. The total minimum match that will be provided for the ESG grant increase is \$506,600. Matching funds may be provided in a variety of ways including any Federal source other than ESG as well as state, local and private sources of funding as long as the source of those funds does not prohibit those funds from being used to match ESG and ESG funds are not being used to satisfy the matching requirements of those funds. Matching Funds may also include non-cash contributions of items or services that would have been allowable costs under ESG, services provided by individuals up to the value that the recipient organization would have had to pay for those services and program income used to pay for costs otherwise eligible for ESG funding.

Match Sources will include CSBG which provides case management services, TANF which provides emergency housing, rent and utility assistance for families with children and LIHEAP which provides utility assistance. Sub-recipients will be required to track and report on amounts and use of these funds as well as cash, non-cash and In-Kind contributions. Sub-recipients will be encouraged to solicit contributions from community and faith based organizations for rental deposits and move in necessities. Exact amounts and sources of planned match will be identified during the sub-recipient selection process.

PRIORITY OBJECTIVES

The 2010-2014 Consolidated Plan included several priorities for activities over the five-year period. These priorities were divided into affordable housing, homeless prevention, special needs, and community development. Additionally, the Governor's Commission on Homelessness and Housing has adopted the Arizona Plan to End Homelessness which outlines 5 goals and timetables for reaching those goals which align with the Opening Doors: Federal Strategic Plan to End Homelessness. The Consolidated Plan and the Arizona Plan to End Homelessness work hand in hand to guide the focus of the FY 2011 Annual Action Plan and this Amendment.

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Housing Priorities

- Expand the supply of affordable rental housing for very low-income and extremely low-income households. When possible, emphasize projects that assist families, seniors, persons with disabilities and those experiencing homelessness.
- Preserve and improve the long-term life of existing affordable rental housing stock.
- Preserve and improve the long-term life of existing affordable owner occupied housing stock.
- Ensure that all households in the state have adequate access to fair housing resources.

Homeless PREVENTION Priorities

- Encourage a range of services to help prevent people from entering the homeless system and rapidly move people from homelessness to permanent housing.
- Increase the number of permanent supportive housing units for those experiencing homelessness and those who are chronically homeless.
- Target prevention services and funding to help prevent people most likely to become homeless from becoming homeless and to provide rapid re-housing to those who are homeless in order to break the cycle of chronic homelessness.

Special Needs Priorities

- Increase and preserve the supply of affordable housing available to large families, people who are elderly, disabled, and/or homeless.
- Improve housing accessibility and safety (existing and new).

Community Development Priorities

- Improve infrastructure and physical environments to promote sustainable and accessible communities.
- Improve the ADA accessibility of public facilities and services for priority populations.
- Encourage job training and employment opportunities.

Arizona Plan To End HOMELESSNESS

- End chronic homelessness by 2016
- Prevent and end veteran homelessness by 2015
- Continue work to prevent and end homelessness for families, youth and children by 2021
- Develop measurement standards, data collection and accurate reporting standards by 2013
- Move from the current system of homeless management to a homeless prevention system by 2021

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EMERGENCY SOLUTIONS GRANT - PROPOSED ACTIVITIES

Emergency Shelter Grant (ESG) funds have traditionally supported basic shelter and supportive services for homeless persons in the form of outreach activities, operation costs for shelter facilities and short-term homeless prevention to persons at risk of losing housing due to eviction, foreclosure or utility shut-offs. The Emergency Solutions Grant (ESG) replaces the previous Emergency Shelter Grant and provides additional funding for Administration, Homeless Prevention, Rapid Re-housing and HMIS. The entire amount of additional funding will be used to support these added programs and services.

The State will utilize this grant increase to continue to support critical Homeless Prevention and Rapid Re-housing activities which were begun under the previous HPRP funding which expires in September 2012. Funds will also be reserved for HMIS system improvements and increased administrative costs to support these programs.

Administration: \$60,510

DES will retain seven and one half percent of the grant award for administrative costs.

Homelessness Prevention and Rapid Re-Housing: \$375,729

Funds previously awarded to the State of Arizona under the HPRP program and administered through the ADOH were targeted for the needs of Homeless Prevention and Rapid Re-housing in the 13 counties that make up the Balance of State. ESG funds under the Emergency Shelter Grant have historically been administered through the DES and have been used to support Outreach and Emergency Shelters throughout the State. The transformation of the Emergency Shelter Grant to the Emergency Solutions Grant and subsequent addition of funding for Homeless Prevention and Rapid Re-housing has created the opportunity for DES to develop new contracts for Homeless Prevention and Rapid Re-housing and ultimately to bring systematic collaboration and change to homeless services.

Performance outcomes under previous HPRP funding showed a preponderance of the funding was utilized to provide Homeless Prevention services in many areas with less attention focused on Rapid Re-housing. The programs who performed well in both categories tended to have strong ties to the homeless provider networks and outreach services in their community and participated more regularly in meetings of the Balance of State Continuum of Care. Available programs to serve homeless individuals in the Balance of State are also heavily weighted towards programs serving women or women with children while 78 percent of the homeless population in the Balance of State is single adult males. Over 50 percent of the single adult homeless population in the Balance of State are over 45 years old. The goal of this ESG funding will be to increase focus on Rapid Re-housing through targeted funding, selection of providers and training. Rapid Re-housing was given priority over the Homeless Prevention activity in an effort to provide better balance to programs available for single adults and to use the funds as efficiently as possible to create a more impactful reduction in homelessness.

Rapid Re-Housing-Housing Relocation and Stabilization Services:

Contracted providers will be encouraged to target 60 percent of their funded activities to rapid re-housing and stabilization services for the most vulnerable of the homeless population. This focus corresponds with both Consolidated Plan objectives and State Plan to End Homelessness objectives to;

- Encourage a range of services to help prevent people from entering the homeless system and to rapidly move people from homelessness to permanent housing,

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- Target prevention services and funding to help prevent those people most likely to become homeless from becoming homeless and to provide rapid re-housing to those who are homeless in order to break the cycle of chronic homelessness.
- End chronic homelessness by 2016

Housing relocation and stabilization services for homeless individuals and families will include payments to housing owners, utility companies and other third parties for the following costs: rental application fees, security deposits, last month's rent, utility deposits, utility payments, including up to six months of utility arrears to support homeless individuals and families in order to move as quickly as possible into permanent housing and to achieve stability in that housing. Short-term rent and utility assistance may be provided at up to 100 percent for up to three months. Medium-term rent and utility assistance may be extended for up to an additional nine months at up to 50 percent based on the clients continued attendance at budgeting classes, job search efforts and progress displayed in monthly case management meetings.

DES anticipates funding five to eight organizations to assist an estimated 45 households with housing relocation and stabilization services over the course of the award term with the Round 2 ESG funding targeted to Rapid Re-housing.

The anticipated start date for the Rapid Re-housing program is early July 2012 with a completion date of December 30, 2013. The initial award term will be 18 months based on an annual review of performance. Beneficiaries of the program may receive up to 12 months of rental assistance.

Homeless Prevention- Housing Relocation and Stabilization Services:

Contracted providers will be encouraged to target 40 percent of their funded activities to Rental Assistance for those individuals and families most likely to become homeless without the provision of short- or medium-term rental assistance. This focus corresponds with both the Consolidated Plan objectives and the State Plan to End Homelessness objectives to;

- Target prevention services and funding to help prevent those people most likely to become homeless from becoming homeless and to provide rapid re-housing to those who are homeless in order to break the cycle of chronic homelessness.
- Encourage a range of services to help prevent people from entering the homeless system and to rapidly move people from homelessness to permanent housing,
- Prevent and end Veteran Homelessness by 2015
- Prevent and End Homelessness for Families, Youth and Children by 2021

Housing relocation and stabilization services for qualifying individuals and families at risk of homelessness may include payments to housing owners, utility companies and other third parties for the following costs: rental assistance and utility payments, including up six months of utility arrears. In cases of foreclosure or eviction, payments may include rental application fees, security deposits, last month's rent and utility deposits to stabilize housing for qualified individuals and families at risk of becoming homeless if relocation and housing assistance were not available. Short-term rent and utility assistance may be provided at up to 75 percent for up to three months. Medium-term rent and utility assistance may be extended for up to an additional six months at up to 50 percent based on the clients continued attendance at budgeting classes, job search efforts and progress displayed in monthly case management meetings.

DES anticipates funding five to eight organizations to assist an estimated 30 households with Round 2 ESG funding targeted to Homeless Prevention, with Homeless Prevention-housing relocation and stabilization services over the course of the award term.

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The anticipated start date for the Homeless Prevention program is early July 2012 with a completion date of December 30, 2013. The initial award term will be 18 months based on annual review of performance. Beneficiaries of the program may receive up to 9 months of rental assistance.

HMIS: \$70,361

Up to five percent of total ESG funding will be set aside annually to fund projects or service enhancements that will lead the States Continuums towards the ability to provide Centralized or Coordinated Intake, including tracking and reporting assessment data, provision of training to users and providing combined statewide data reporting to monitor program effectiveness. This focus corresponds with the State Plan to End Homelessness objectives to

- Develop measurement standards, data collection and accurate reporting standards by 2013

FY 2011 Detailed Budget Table					
First Allocation	\$900,623.00	FY 2011			
Second Allocation	\$506,600.00	-			
Grant Amount	\$1,407,223.00	<u>Emergency Shelter Grants/Emergency Solutions Grants</u>			
Total Administration	\$105,541.73	<u>Program Allocations</u>			
		First Allocation		Second Allocation	Total Fiscal Year 2011
	Eligible Activities	Activity Amount	Reprogrammed Amount	Activity Amount	Activity Amount
Emergency Shelter Grants Program	Homeless Assistance				\$0.00
	Rehab/Conversion				\$0.00
	Operations	\$628,731.54			\$628,731.54
	Essential Services	\$44,382.46			\$44,382.46
	Homelessness Prevention	\$182,478.00			\$182,478.00
	Administration	\$45,031.00			\$45,031.00
	Emergency Shelter Grants Subtotal	\$900,623.00			\$900,623.00

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FY 2011 Detailed Budget Table (continued)

Emergency Solutions Grants Program	Emergency Shelter**			\$0.00	
	<i>Renovation**</i>			\$0.00	\$0.00
	<i>Operation**</i>			\$0.00	\$0.00
	<i>Essential Service**</i>			\$0.00	\$0.00
	<i>URA Assistance**</i>			\$0.00	\$0.00
	Street Outreach - Essential Services**			\$0.00	\$0.00
	HMIS			\$70,361.00	\$70,361.00
	Rapid Re-housing			\$334,924.00	\$334,924.00
	<i>Housing Relocation and Stabilization Services</i>				\$0.00
	<i>Tenant-Based Rental Assistance</i>				\$0.00
	<i>Project-Based Rental Assistance</i>				\$0.00
	Homelessness Prevention			\$40,805.00	\$40,805.00
	<i>Housing Relocation and Stabilization Services</i>				\$0.00
	<i>Tenant-Based Rental Assistance</i>				\$0.00
	<i>Project-Based Rental Assistance</i>				\$0.00
	Administration			\$60,510.00	\$60,510.00
	Emergency Solutions Grants Subtotal		\$0.00	\$506,600.00	\$506,600.00
			Total Grant Amount:		\$1,407,223.00

****Allowable only if the amount obligated for homeless assistance activities using funds from the first allocation is less than the expenditure limit for emergency shelter and street outreach activities (see Section III.B. of this Notice).**

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WRITTEN STANDARDS FOR PROVISION OF ESG ASSISTANCE

A. Standard policies and procedures for evaluating individuals' and families' eligibility for assistance under ESG.

- Families or individuals eligible for assistance through the Rapid Re-housing program must;
 - meet the standard of being homeless
 - living in places not met for human habitation or living in an Emergency Shelter
 - must meet the income qualification of income below 30 percent of Area Median Income.
- Families or individuals eligible for assistance through the Homeless Prevention program must:
 - be at risk of losing housing through eviction or foreclosure
 - be without resources to maintain or replace that housing
 - must meet the income qualification of income below 30 percent of Area Median Income

The most critical element of providing Rapid Re-housing or Homeless Prevention assistance is the method used to identify eligible participants. In order to simplify this process we have adopted and adapted successful methodologies used in the previous HPRP program. The "But For" form is a series of questions intended to ascertain background information and documentation about the potential participants resources to answer the Question "But for ESG assistance would this client be homeless?" Case Managers are required to gather the following information and verifying documentation to determine eligibility:

- What alternative housing resources such as family, friends or faith based organizations could the applicant turn to for assistance? (Document questions asked and applicant answers and/or provide documentation of efforts to identify alternative housing for the applicant.)
- What available financial resources could the applicant negotiate or explore to remain in existing housing or obtain immediate housing? (Document questions asked and applicant answers and/or provide documentation of financial resources to support applicant's responses.)
- What support networks does the applicant have such as family, friends or faith based organizations who could help the applicant remain in existing housing, obtain immediate housing or provide some level of support if the applicant is accepted into the ESG program? (Document questions asked and applicant answers and/or provide documentation of resources available to support applicant's responses.)

Additionally the Case Manager must identify and document as many of the following risk factors as possible:

- Applicant is currently living in a place not meant for human habitation such as car, parks, abandoned buildings or streets/sidewalks
- Applicant is currently living in an emergency shelter
- Applicant is considered disabled (HUD definition)
- Applicant is experiencing substance abuse issues
- Applicant is being released from an institution (HUD Definition)
- Applicant is being released from a substance abuse facility
- Applicant is currently 62 years or older
- Applicant is or has aged out of Foster Care

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- Applicant is a victim of Domestic Violence
- Applicant is a Youth between the ages of 18 and 24
- Applicant is a Veteran
- Applicant will be foreclosed or evicted within 14 days of application
- Applicant has experienced a sudden and significant loss of income
- Applicant has experience a sudden and significant increase in utility costs
- Applicant has been homeless in the past 12 months or 3 times in the past 4 years.
- Applicant has significant credit problems that preclude obtaining housing
- Applicant has experienced a significant amount of medical debt
- Applicant has current or past involvement with the child welfare system including Foster Care
- Applicant has experienced recent Traumatic life event, such as death of a spouse or primary care provider, or recent health crisis that prevented the household from meeting its financial responsibilities

Applicants must represent at least one of the priority populations to be served or two of the above “Risk Factors” to be qualified for ESG assistance. Prioritization of service provision will be based on the number of “Risk Factors” a potential participant is experiencing.

B. Policies and Procedures for coordination among Emergency Shelter providers, essential service providers, mainstream services and housing providers.

DES will give priority selection consideration to contractors who have previous successful experience with administering the HPRP program in the Balance of State based on the following criteria:

- Demonstrated capacity to administer the Homeless Prevention and Rapid Re-housing program
- Connection to and collaboration with the Homeless Service Provider networks, essential service providers and mainstream service and housing providers in the areas to be served
- Participation in the Continuum of Care for the area they would serve

C. Policies and Procedures for determining and prioritizing which eligible families and individuals will receive Homeless Prevention assistance and which eligible families and individuals will receive Rapid Re-housing assistance.

Applicants must represent at least one of the priority populations to be served or two of the above “Risk Factors” to be qualified for ESG assistance. Prioritization of service provision will be based on the number of “Risk Factors” a potential participant is experiencing.

D. Standards for determining the share of rent and utility costs that each program participant must pay, if any, while receiving Homeless Prevention or Rapid Re-housing assistance.

- Program participant may not receive rental or utility assistance for more than 18 months in any 3 year period.
- Program participants will pay at least 30 percent of their income towards rent and utility expense which will be re-calculated and certified during monthly Case Management meetings.

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- E. Standards for determining how long a particular program participant will be provided with rental assistance and whether and how the amount of that assistance will be adjusted over time.
- Program participants in the Rapid Re-housing program may receive short-term rent and utility assistance at up to 100 percent (less 30 percent of participant income) for up to three months. Medium-term rent and utility assistance may be extended for up to an additional nine months at up to 50 percent (less 30 percent of participant income) based on the clients continued attendance at budgeting classes, job search efforts and progress displayed in monthly case management meetings.
 - Program participants in the Homeless Prevention program may receive short-term rent and utility assistance at up to 75 percent (less 30 percent of participant income) for up to three months. Medium-term rent and utility assistance may be extended for up to an additional six months at up to 50 percent (less 30 percent of participant income) based on the clients continued attendance at budgeting classes, job search efforts and progress displayed in monthly case management meetings.
- F. Standards for determining the type, amount, and duration of housing stabilization and/or relocation services to provide a program participant, including the limits, if any, on the homelessness prevention or rapid re-housing assistance that each program participant may receive, such as the maximum amount of assistance, maximum number of months the program participants receives assistance; or the maximum number of times the program participants may receive assistance.
- Maximum assistance available to a single adult participating in either Homeless Prevention or Rapid Re-housing is \$6,500 in any consecutive three-year period.
 - Maximum assistance available to a family household without children participating in either Homeless Prevention or Rapid Re-housing is \$8,000 in any three-year period.
 - Maximum assistance available to a family household with children participating in either Homeless Prevention or Rapid Re-housing is \$9,500 in any three-year period.

SELECTION PRIORITIES

Since ESG funding for Homeless Prevention and Rapid Re-housing is made directly available to Maricopa and Pima Counties, and to several cities within those counties which account for 85 percent of the homeless population in the state, DES will continue to target Homeless Prevention and Rapid Re-housing resources to the thirteen counties that make up the Balance of State. While the Balance of State Continuum of Care traditionally accounts for only 15 percent of the homeless population in Arizona, it represents 86 percent of the state's land mass. Geography is, by far the major obstacle to providing coordinated services and shelter to the homeless population in the Balance of State. Additionally, due to the extensive training requirements for administration of these funds, DES will give priority to contractors who have previous successful experience with administering the HPRP program in the Balance of State based on the following criteria:

- Demonstrated completeness and accuracy of recordkeeping under previous HPRP contract
- Demonstrated timeliness and accuracy of reporting and billing under previous HPRP contract
- Demonstrated capacity to administer the Homeless Prevention and Rapid Re-housing program
- Connection to and collaboration with the Homeless Service Provider networks, essential service providers and mainstream service and housing providers in the areas to be served
- Participation in the Continuum of Care for the area they would serve
- Timely and accurate data entry into HMIS

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PERFORMANCE STANDARDS

The first year of fundings focus will be on who is served versus how many are served in order to encourage contractors to focus on targeted priorities beyond HUD qualifications and to gather data to create more specific numerical standards in future years. Rapid Re-housing and Homeless Prevention providers will have specific performance targets to cumulatively serve 65 percent single adults and 35 percent families of the total enrolled in both programs. Additionally, at least 5 percent of the total enrolled must be veterans and five percent must be youth from the ages of 18 to 24 years old.

DES will also require providers to prioritize and track individuals or families where the head of household represents the following populations:

- Is considered disabled (HUD definition)
- Is being released from an institution (HUD Definition)
- Is being released from a substance abuse facility
- Is currently living in a place not meant for human habitation such as car, parks, abandoned buildings or streets/sidewalks
- Is currently living in an emergency shelter
- Is currently 62 years or older

Providers of Rapid Re-housing and Homeless Prevention services will also be monitored and rated based on:

- Completeness and accuracy of recordkeeping
- Timely and accurate data entry into HMIS
- Timely and accurate quarterly reporting and invoicing
- Participation in the Continuum of Care for the area they would serve
- Connection to and collaboration with the Homeless Service Provider networks, essential service providers and mainstream service and housing providers in the areas to be served.

EMERGENCY SOLUTIONS GRANT (ESG) MONITORING PLAN

The Department of Economic Security (DES) will review contracts and validate for environmental clearance prior to providing approval, expenditure and reimbursement of ESG funds. For new ESG agencies contracting with DES, an on-site visit will be conducted after the contract is awarded. ESG resources and program reports are monitored quarterly. Quarterly program reports attached to fiscal claims for reimbursement are designed to capture client data, activities, fiscal expenditures billed and sources of match. A formal desk review will be completed annually and written report prepared with findings and recommendations identified for corrective actions, if necessary. Each ESG provider will receive a monitoring site visit every year for the first two years of their contract and at least every three years thereafter. A written report will be prepared with findings and recommendations for corrective actions, if appropriate. Completion of corrective actions with specific timelines for completion are reviewed and monitored by DES.

SF-424 AND CERTIFICATIONS - TO BE ATTACHED